

# Housing

While the strong economy has led to a housing boom throughout the state, many Tennessee children and families have no home or live in inadequate or substandard housing. The fastest growing segment of the homeless population is families with children. All the while, the Tennessee Legislature continues to attempt to solve its budget woes by using surplus funds from Tennessee Housing Development Agency (THDA).

Although home ownership was at a record high of almost 67 percent in 1999, the cost of homes has skyrocketed. The average cost of a home in Tennessee rose to \$113,318 in 1998, up more than 26 percent from 1994. Costs range from \$32,100 in Lake County to \$187,000 in Williamson County (THDA, 1999).

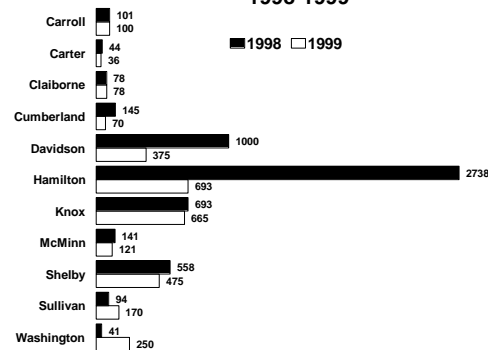
Home ownership has many benefits. Homeowners generally enjoy better living conditions than renters; accumulate wealth as their investment in their home grows; strengthen the economy by purchases of homes, furniture, and appliances; and tend to be more involved in promoting strong neighborhoods and good schools than renters (HUD, 2000).

Even though Tennessee is not among the least affordable housing areas in the country, fair market rents are still beyond the reach of many working families. The average fair market rent in Tennessee for a two-bedroom unit is \$494 per month, unaffordable for 41 percent of renters. Fair market rents range from \$626 to \$352 dollars. The Housing Wage in Tennessee, the amount a worker would have to earn an hour and work no more than 40 hours per week in order to spend no more than 30 percent of income on housing is \$9.50 an hour, 184 percent of the federal minimum wage. A worker earning only the minimum wage would have to work 74 hours per week in Tennessee in order to afford a

two-bedroom unit at the fair market value. Working 40 hours per week, a minimum wage earner can afford a monthly rent of only \$267. A three-person family receiving the maximum TANF grant can afford a monthly rent of only \$70 (NLIHC, 1999).

In addition to the lack of affordable housing, other factors play a role in homelessness. Eroding work opportunities, stagnant or falling wages, and less secure jobs with

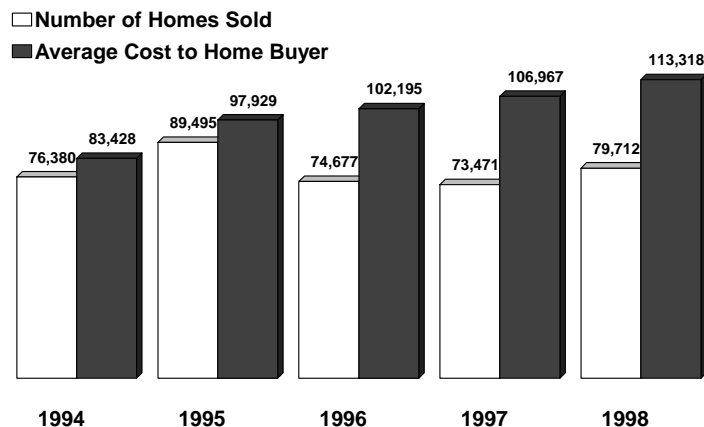
**Homeless Children Served in Tennessee School Districts 1998-1999**



Source: Tennessee Department of Education for Homeless Children

## Average Tennessee Home Sales 1994-1998

Average Cost to Home Buyer



Source: Economics Department, Middle Tennessee State University